

Message Text

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ACTION EA-14

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FM AMEMBASSY CANBERRA

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SUBJ: DEFENSE BUDGET BECOMES BUDDING POLITICAL ISSUE

REF: A. CANBERRA A-218 (NOTAL); B. THRU D: USDAO

IR 6-805-0439, 0436 AND 0438 1973

1. BEGIN SUMMARY: RECENT MOTION IN HOUSE OF REPRESENTA-
TIVES AND TWO SERIES OF NEWS ARTICLES HAVE SERVED TO
FOCUS ATTENTION UPON RECENTLY ANNOUNCED GOA DEFENSE
BUDGET. DEF MIN BARNARD HAS BEEN TAKING HEAT IN
PARLIAMENT ON APPARENT WELCHING BY LABOR PARTY WHICH
HAD PROMISED TO PROVIDE ABOUT 3.5 PERCENT OF GNP FOR DEFENSE
BUT IN CURRENT BUDGET PROVIDES ONLY 2.9 PERCENT. WHILE IT IS
EMBASSY'S ASSESSMENT THAT IF BARNARD HAD HIS WAY HE
WOULD PROVIDE PROMISED LEVEL OF FINANCING FOR DEFENSE,
HE WAS OUT-VOTED AND OUT-MANEUVERED ON THIS MATTER
IN ALP PARLIAMENTARY CONSIDERATION OF THE BUDGET.
IT APPEARS THAT LEVEL OF AUSTRALIAN DEFENSE SPENDING

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AND THE ADEQUACY OF NATIONAL DEFENSE FORCES WILL CONTINUE TO
BE RAISED BY OPPOSITION LEADERSHIP IN ATTEMPT TO EMBARRASS

GOVERNMENT.

2. POSSIBILITY THAT DEFENSE BUDGET PRESENTED BY DEFMIN BARNARD IN LATE AUGUST COULD BECOME MAJOR POLITICAL ISSUE IN AUSTRALIA HAS GROWN OVER PAST TWO WEEKS. CRITICISM OF THIS BUDGET IS HIGHLIGHTED IN TWO SERIES OF ARTICLES IN AUSTRALIAN NEWSPAPERS WRITTEN BY REPORTS JOHN STACKHOUSE AND DENIS WARNER (BEING POUCHED TO DEPARTMENT). BOTH STATE CURRENT ALP GOVERNMENT HAS IN EFFECT WELCHED ON PROMISES MADE BOTH IN PARTY PLATFORM AND ON SPEECHES PRIOR TO LAST DECEMBER'S ELECTION TO PROVIDE ABOUT 3.5 PERCENT OF GNP FOR DEFENSE DEPARTMENT. ALLOCATION OF ONLY 2.9 PERCENT OF GNP ANNOUNCED BY BARNARD IN LATE AUGUST HAS, ACCORDING TO THESE REPORTERS, LED TO POOR MORALE IN SERVICES, FORESHADOWS DELAY IN PROCUREMENT OF NEW EQUIPMENT AND HAS HAD SIGNIFICANT IMPACT UPON CIVILIAN ELEMENT OF DEFENSE DEPARTMENT.

3. AS A FOLLOWUP TO HIS NEWS REPORTS, DENIS WARNER OF THE MELBOURNE HERALD INTERVIEWED CHIEF OF THE GENERAL STAFF LT. GENERAL SIR MERVYN BROGAN ON THE IMPACT OF THE DEFENSE BUDGET ON THE AUSTRALIAN ARMY. IN THE INTERVIEW PUBLISHED ON SEPT 19/20, BROGAN IS REPORTED TO HAVE RAISED NO QUESTION ABOUT THE WAY IN WHICH THE DEFENSE BUDGET WAS ARRIVED AT AND ACCEPTED THE CIVILIAN CONTROL OF THE AUSTRALIAN MILITARY SERVICES. HE DID, HOWEVER, INDICATE SOME RESERVATIONS ABOUT THE ABILITY OF THE ARMY TO RESPOND TO AN INVASIONS OF THE AUSTRALIAN CONTINENT SHOULD SUCH OCCUR. ON THE SUBJECT OF WHETHER OR NOT AN INVASION OR A THREAT TO AUSTRALIA EXISTED AT THE PRESENT TIME, BROGAN POINTED OUT THAT "THE FACT THERE IS NOT IMMINENT THREAT TO THIS COUNTRY AS OF NOW IS NOT TO SAY WE SHOULDN'T BE PREPARED FOR ONE THAT WILL LOOM TOMORROW" (COPY OF BROGAN ARTICLE BEING SENT BY POUCH).

4. CRITICISM OF THE DEFENSE BUDGET WAS ALSO STRENGTHENED
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SOMEWHAT ON SEPT 17 WHEN ACTU PRESIDENT BOB HAWKE LED A DELEGATION OF TRADE UNIONISTS TO CANBERRA TO DISCUSS WITH BARNARD THE PROPOSED CUT OF ABOUT 5000 CIVILIAN JOBS IN THE AUSTRALIAN DEFENSE ESTABLISHMENT. HAWKE REPORTEDLY MADE A FIRM CASE FOR CONTINUED EMPLOYMENT OF THOSE AFFECTED BY THE CUT. BARNARD UNDOUBTEDLY MADE THE REJOINER TO HAWKE, AS HE HAS DONE PUBLICLY, THAT THE PROPOSED CUT WOULD TAKE PLACE AS A RESULT OF ATTRITION RATHER THAN THE LAYING OFF OF EMPLOYEES.

5. BARNARD HAS FREQUENTLY BEEN PUT ON THE SPOT ON DEFENSE MATTERS, PARTICULARLY DURING QUESTION TIME IN THE HOUSE OF REPRESENTATIVES. HE THREW DOWN THE GAUNTLET ON SEPT 19 BY SUGGESTING VOTE OF CONFIDENCE IN THE GOVERNMENT IF THE LIBERAL AND COUNTRY PARTY OPPOSITION IN THE HOUSE FELT THAT THE CRITICISM OF THE DEFENSE BUDGET WARRANTED IT. BARNARD'S CHALLENGE WAS ANSWERED BY FORMER MINISTER FOR THE ARMY ANDREW PEACOCK WHO MOVED FOR A VOTE OF NO CONFIDENCE IN MR. BARNARD'S HANDLING OF THE DEFENSE PORTFOLIO. PEACOCK'S MOTION WAS THROWN OUT BEFORE IT COULD BE FORMALLY PROPOSED, AS BARNARD KNEW IT WOULD BE.

6. THE POINT MADE IN PEACOCK'S MOTION IN THE HOUSE WAS SIMILAR TO THAT IMPLIED IN THE NEWS ARTICLES REFERRED TO ABOVE, I.E. THAT IN PURSUING AN INDEPENDENT DEFENSE POSTURE THE AUSTRALIAN GOVERNMENT MUST BE PREPARED TO PROVIDE THE FINANCIAL RESOURCES NECESSARY FOR THE ARMED FORCES TO OPERATE ON THEIR OWN. IT IS POINTED OUT IN THE ARTICLES AND BY PEACOCK THAT RECENT EXPERIENCE IS THAT THE AUSTRALIAN FORCES RECEIVED MAJOR LOGISTICAL SUPPORT FROM THE U.S. AND OTHER COUNTRIES IN THE OVERSEAS DEPLOYMENTS IN WHICH THEY PARTICIPATED. BROGAN'S ARTICLE IN PARTICULAR POINTS OUT THAT WHILE THE AUSTRALIAN ARMY MIGHT BE ABLE TO MEET AN INVASION OF AUSTRALIA ITSELF, THAT ROTATION OF TROOPS AND REQUIRED LOGISTICAL SUPPORT FOR AUSTRALIAN FORCES IN SUCH A SITUATION WOULD REQUIRE FROM THREE TO FOUR MONTHS TO PROVIDE. THE POSSIBILITY OF AUSTRALIAN FORCES OPERATING OVERSEAS, EVEN IN NEARBY AREAS, APPEARS TO BE SEVERELY CIRCUMSCRIBED BY THE LACK OF LIMITED OFFICIAL USE
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REQUIRED LOGISTICAL AND OTHER SUPPORT.

7. IT IS EMBASSY'S ASSESSMENT THAT IF HE HAD HIS WAY BARNARD WOULD LIVE UP TO PRE-ELECTION PLEDGE OF ALP TO PROVIDE 3.5 PERCENT OF GNP FOR DEFENSE. IT APPEARS OTHER COMPETING DEMANDS IN BUDGET AND A KNOWN PROCLIVITY OF SEVERAL MEMBERS OF CABINET TO DOWNGRADE THE NECESSITY FOR STRONG MILITARY FORCES SUCCEEDED IN WATERING DOWN BARNARD'S INTRO-PARTY PRESENTATION OF DEFENSE NEEDS.

8. OVER THE LONGER RUN, IT IS POSSIBLE THAT BARNARD WILL CONTINUE TO BE BAITED IN THE HOUSE AND PERHAPS PUBLICLY BY PROPONENTS OF DEFENSE SPENDING AT THE LEVEL PROMISED BY THE ALP. THERE IS NO INDICATION, HOWEVER, THAT BARNARD'S OWN POSITION WITHIN THE ALP IS IN DANGER BECAUSE OF ATTACKS BEING MADE ON HIM BY THE POLITICAL OPPOSITION AT THIS TIME.
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